



**CHINESE ESTATES
HOLDINGS LIMITED**
華人置業集團



INTERIM RESULTS 2004

SEHK stock code: 0127



Agenda



CHINESE ESTATES
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- Financial Highlights
- Business Review
- Prospects
- Open Forum



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Financial Highlights





Financial Highlights



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For the period ended Jun 30,

	2004 HK\$'000	2003 HK\$'000	Change
Turnover	3,558,763	459,666	+674%
Gross profit	318,193	303,683	+4.8%
Profit attributable to shareholders	588,509	177,506	+232%
Basic EPS	HK27.9 cents	HK7.9 cents	+253%
Dividend per share	HK8.5 cents	HK5.0 cents	+70%
Interest coverage ratio	21.4X	4.0X	



1H2004 Business Summary



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- Gross rental income up 6.4% y-o-y to HK\$ 345.7million
 - Attributed by the acquisitions of Tung Ying Building and Tung Sang Building
 - Positive growth of retail rental as a result of economic rebound
- Property sales revenue of HK\$138.9 million from Parc Palais, King's Park
- Improved operational efficiency and implemented stringent cost control
 - Administrative expenses and finance costs cut by 49.0% and 67.8% y-o-y respectively
- Adopted prudent policy for securities investment
 - Gross profit in 1H2004: HK\$5.3 million
 - Unrealized holding gain as of June 30, 2004: HK\$121.9 million



Key Financial Figures



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	<i>Jun 30, 2004</i>	<i>Dec 31, 2003</i>
Total net asset (HK\$M)	14,340*	14,368
Net asset per share	HK\$6.82	HK\$6.64
Average return on equity	8.2%	2.5%
Cash and cash equivalents (HK\$M)	2,209	929
Gearing ratio (Net debt to equity)	41.2%	42.6%

* After 2003 final dividend of HK\$253 million and share repurchase of HK\$361 million



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Business Review





Property Investment - Retail



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- Maintained high customer retention rate and quality tenant portfolio
- Continued to improve tenants' business turnover
- Higher rental for new leases and renewals

<i>Property name</i>	<i>Occupancy rate</i>
Windsor House	97%
Excelsior Plaza	100%
Causeway Place	100%
Wanchai Computer Centre	100%
Slivercord Shopping Arcade	97%
Chic Castle Shopping Arcade	99%



Property Investment - Office



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- High occupancy rates maintained despite over-supply of office
- Office rents have been recovered since 4Q2003

<i>Property name</i>	<i>Occupancy rate</i>	
	<i>4Q2003</i>	<i>2Q2004</i>
Windsor House	94%	96%
MassMutual Tower	86%	86%
Harcourt House	89%	92%
Tung Ying Building	77%	81%



Property Development



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- Continued to focus on premium quality and mid to high-end property projects
- Sold 334 residential units of Parc Palais in 1H2004
- Development projects in good progress
- Projects scheduled for pre-sale starting from 2H2004



Investment in PRC



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- Satisfactory occupancy rates:
 - **Hong Kong New World Tower**, Shanghai (34.65% interest): 83% for office; 56% for retail
 - **Hilton Hotel**, Beijing (50% interest): 86%
 - **Lowu Commercial Plaza**, Shenzhen – Level 1 (79 retail outlets): 98%
- PRC investment at around 5-10% of the Group's assets



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Prospects





Business Outlook in 2H2004



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Property Investment

- Positive signal for local economy and retail industry
 - 68-month long deflation has by now levelled off
 - Further relaxation of Individual Travel Scheme since July 2004
 - Private consumption expenditure surged by 11.0% y-o-y in 2Q2004
- Retail rental remains strong
- Maintain high occupancy for retail properties in prime locations

Property Development

- Upward momentum for housing demand
 - Recovery of buyers' confidence and affordability
 - Undersupply of quality residential properties
- Economy-driven growth and regaining pricing power
- Sustainable and healthy growth on residential prices

Positive Growth in Rental Income



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Property Name	Rate of latest rental renewal	% of tenancy due to review	
		2004	2005
Windsor House	↑ Up to 20%	24%	16%
Causeway Place	↑ Up to 68%	50%	28%
Wanchai Computer Centre	↑ Up to 17%	39%	53%
Silvercord Shopping Arcade	↑ Up to 80%	15%	50%

- Rental increment will be fully reflected in FY2005

Source: Company

● Properties Available for Sale in 2H2004 - 2006



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<i>Property name</i>	<i>Group's interest</i>	<i>Usage</i>	<i>No. of units</i>	<i>Expected launch date**</i>
Parc Palais, King's Park (remaining portion)	10%	R	187*	in progress
Yeung Uk Road	34.36%	SA/Re	960	End 2004
Sheung Shui DD 100	34.36%	H	78	Early 2005
Wanchai Road/ Tai Yuen St. - Phase 1	83.59%	R/Re	652	2005
Mount Beacon	33.33%	R	222	2005
No. 55 Conduit Road	70%	R	47	2006
No. 31 Barker Road	100%	H	4	N/A***

* As of end of June 2004

** Subjected to market situation

*** Refer to "Recent Transactions"

H: House / R: Residential / SA: Service Apartments / Re: Retail

Upcoming Property Development Projects (1)



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Parc Palais, King's Park



Yeung Uk Road, Tsuen Wan



Wanchai Road / Tai Yuen
Street Redevelopment



Sheung Shui DD 100

Upcoming Property Development Projects (2)



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No. 31 Barker Road, The Peak



Mount Beacon, Kowloon Tong



No. 55 Conduit Road, Mid-levels



Recent Transactions



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- Proposed to dispose properties and assets for total consideration of approx. HK\$659 million
 - No. 31 Barker Road: HK\$400 million + profit sharing arrangement
 - Other residential properties: HK\$166 million
 - Other assets: HK\$93 million
- Unaudited gain: approx. HK\$332 million
- Focus on core competence & redeploy resources on property developments and projects
- Improve balance sheet and cash position



Future Plans



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- Continue to sell properties in a strategic manner
 - Several high quality development projects available for sale in 2H2004 and 2005
- Replenish quality residential land bank through land sale applications, URA projects, private tenders and other means
- Further improve operational efficiency and cost effectiveness



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Open Forum

